

## Message Text

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PAGE 01 LA PAZ 02138 151402Z

ACTION COME-00

INFO OCT-01 ISO-00 EB-08 /009 W

-----118877 160036Z /75

R 151200Z MAR 78

FM AMEMBASSY LA PAZ

TO SECSTATE WASHDC 9884

UNCLAS LA PAZ 2138

E.O. 11652: N/A

TAGS: BDIS, BL

SUBJ: TRADE FACILITATION: DELIVERY OF MGD WEB OFFSET PRESS  
TO COMITE DE OBRAS PUBLICAS OF SANTA CRUZ, BOLIVIA

1. THE COMITE DE OBRAS PUBLICAS OF SANTA CRUZ BEGAN NEGOTIATIONS IN MARCH 1976 WITH MGD GRAPHIC SYSTEMS AMERICAS COMPANY, 3100 S. CENTRAL AVE., CHICAGO, ILL 60650 FOR THE PURCHASE OF A WEB OFFSET PRESS, NOW VALUED AT \$297,289. A CONTRACT TO PURCHASE THE PRESS WAS SIGNED ON JANUARY 24, 1978. ACCORDING TO THE TERMS OF THE CONTRACT, THE PRESS WAS TO BE DELIVERED 120 DAYS FOLLOWING THE OPENING OF THE LETTER OF CREDIT. THE LETTER OF CREDIT WAS OPENED FEBRUARY 23, 1978, AND MGD'S FLORIDA OFFICE WAS ADVISED BY CABLE THE FOLLOWING DAY. ON MARCH 13, 1978, MGD ASKED FOR A THIRTY-DAY EXTENSION OF THE LETTER OF CREDIT AND ADVISED THAT THE EQUIPMENT WOULD NOT BE PUT INTO PRODUCTION UNLESS THE EXTENSION WERE GRANTED.

2. THE COMITE DE OBRAS PUBLICAS, THANKS TO ITS OIL REVENUES, WHICH AMOUNTED TO MORE THAN \$21 MILLION IN 1977, IS A MAJOR BOLIVIAN IMPORTER. AMERICAN COMPANIES ARE CURRENTLY COMPETING FOR A VARIETY OF COMITE PROJECTS, INCLUDING AN \$80 MILLION CEMENT PLANT. WE ARE CONCERNED THAT MGD'S ACTION, WHICH HAS APPARENTLY BEEN TAKEN WITHOUT ANY EXPLANATION BEING OFFERED TO THE COMITE, WILL HAVE AN ADVERSE IMPACT ON US COMPANIES

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PAGE 02 LA PAZ 02138 151402Z

COMPETING FOR OTHER COMITE PROJECTS. GIVEN THE SHORT SPAN OF TIME BETWEEN THE OPENING OF THE LETTER OF CREDIT AND MGD'S REQUEST FOR AN EXTENSION, THE COMITE SEEMS TO BELIEVE, RIGHTLY OR WRONGLY, THAT MGD KNEW IN ADVANCE IT COULD NOT DELIVER THE PRESS WITHIN THE TIME SPECIFIED IN THE ORIGINAL CONTRACT. WE UNDERSTAND THAT THE BUYER HAS ALREADY AGREED TO A SERIES OF PRICE INCREASES IN THE

EQUIPMENT, AND MADE OTHER CONCESSIONS ON PAYMENT TERMS.

3. ACTION REQUESTED: WE ASK THAT USDOC BRING THIS PROBLEM,  
AND OUR CONCERNS, TO THE ATTENTION OF MGD HEADQUARTERS IN  
CHICAGO, URGING THAT EVERY EFFORT BE MADE TO DELIVER THE  
PRESS WITHIN THE TIME PROVIDED IN THE ORIGINAL CONTRACT.  
FAILURE TO RESOLVE THIS PROBLEM WILL CLEARLY DAMAGE  
MGD'S REPUTATION IN THE BOLIVIAN MARKET, AND MAY HURT OTHER  
US COMPANIES AS WELL.  
BOEKER

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## Message Attributes

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**Review Markings:**  
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